

To: State PDG Coordinators and State Child Care Administrators
From: Center for Early Learning Funding Opportunities (CELFE)
RE: PDG Notice of Funding Application
DATE: May 22, 2024

**Ideas for incorporating strategic financing efforts into your PDG B5 application
(note—many of these strategies could fit under more than one activity area):**

Activity #1: Needs Assessment

- Plan for expansion – As part of their Needs Assessment, states could focus on better understanding what services families want and need that both meet the school-readiness needs of young children and the scheduling needs of working parents.
- Invest in developing tools that help map out the need for services (based on census data, other data sources, and input from parents and communities) and the current availability of services. Such tools can help, for example, project the need for expansion of preschool services in child care settings vs. public school settings.
- Conduct an analysis of where (geographically and by program) current funding is being spent to better understand the overall equity of your funding system for ECEC.

Activity #2: Strategic Plan

- Develop a master plan for expanding services through a mixed delivery system, building on the analyses described in Activity 1. For example, this could include developing year-by-year targets for expansion of services in specific high-need communities, and/or a plan for reducing family copayments to comply with new federal regulations.
- Develop a financing plan for meeting the early learning and care needs of children and families. This could include, for example, an approach to funding state preschool *in combination* with child care, preschool, Head Start, and IDEA Part B.
- Complete a financial analysis of the cost of care and develop a multi-year plan for bringing child care reimbursement rates into alignment with the cost. This may include an analysis of current “rate regions” across the state and a plan to revise these to better reflect actual cost differences in different geographies.

Activity #3: Maximize Family Participation and Engagement in the B-5 System

- Develop a robust approach to gathering input about family needs and—crucially—ensuring that those needs are reflected in the state’s funding and service delivery design.
- Invest in establishing and scaling a birth to five regional or community-level ‘infrastructure’ to understand and elevate local and regional needs of families as well as the ECEC workforce. Examples of such an infrastructure include Illinois’ [Birth to Five Illinois](#), Virginia’s [Ready Regions](#), and [Louisiana’s](#) Early Childhood Community Networks.

Activity #4: Support the B-5 Workforce

- Build a model salary scale for the ECEC workforce to serve as a guidepost for efforts to improve compensation and to inform studies of the “true cost” of high-quality ECEC, as Colorado and Illinois have done (more information [here](#)).
- Invest in the design of a new approach to supporting increased compensation, such as the per-teacher funding that Maine has implemented, or the “base funding” that Massachusetts has developed. See descriptions of these and other state innovations [here](#).
- Develop new incentives for early childhood educators to obtain higher credentials, tying increased compensation to educator credentials as Illinois did with its ExceleRate [Pilot](#).

Activity #5: Support program quality improvements

- Develop a cost estimation model tied to your state’s ECEC professional development system with compensation aligned with higher credentials to incent and reward quality improvement through credentialing.
- Build out your workforce participation registry to understand current workforce credentials to strategically establish a ‘pipeline’ to meet today and future system-needs.

Activity #6 (optional): Subaward (subgrant) to enhance quality and expand access to programs and services.

- Design and pilot a new funding stream that can support higher quality, such as upfront funding to improve teacher:child ratios, increase educator compensation, or provide more comprehensive services to young children.
- Support community-level partnerships to implement state preschool in child care settings that meet the schedule needs of working parents.

Bonus Option:

1. Increase workforce pay and benefits.
 - Establish a compensation scale for your ECEC workforce, and pilot an approach to support programs to move closer to that scale.
 - Research options to scale-up access to benefits for the ECEC workforce, such as health care, child care, retirement benefits, and paid time off.
2. Support social-emotional development and mental health.
 - Create a financing strategy for scaling access to early childhood mental health consultation for early childhood programs.

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